

Prince Pipes & Fittings Ltd

Volume growth still lagging peers; industry prospects remain healthy

CMP
Rs 674

Rating
LONG

Target Price
Rs 783
Mar'25
Upside
16% (↑)

- Prince Pipes & Fittings' (PRINCIPI) 3QFY24 volumes de-grew 2% yoy to 42,665MT (in-line with EE) on soft demand scenario in the retail space and also as company still remains in the process of gaining back the lost market share. Realisations dipped 8% qoq to Rs 145/kg (2% below EE) mainly due to correction in PVC resin prices.
- Channel inventory is currently at moderate level; however, with PVC prices relatively stable since last 2-3 months, benefits of restocking will be visible shortly.
- 3Q saw inventory loss of ~Rs 100mn vs inventory gain of ~Rs 50mn in 2Q24. This led to meaningful dip in EBITDA margins to 12.2% (EE: 12.5%) vs 14.3% qoq. Ex. Inventory loss, 3Q24 margins were at 13.8%; we expect similar EBITDAM to trend in FY25/FY26.
- Retain LONG with a Mar'25 TP of Rs 783 (Dec'24 TP of Rs 834 earlier) at 33x P/E (unchanged) on a Mar'26 EPS of Rs 23.7.

Volumes continue to lag peers; expect market share gains 1Q25 onwards: Sales volumes de-grew 2% yoy to 42,665MT, coming in-line with EE. We believe PRINCIPI has still underperformed peers in terms of volume growth during 9MFY24; management believes this is mainly due to lower HDPE exposure and over-premiumisation in a few markets which has led to some market share loss. Benefits from the ongoing HDPE expansion will start flowing in from 4QFY24 itself; besides, the company has taken corrective pricing actions too, which should aid volumes ahead as management expects gradual market share gains 1Q25 onwards. With PVC prices believed to have bottomed out and being relatively stable for some time now, we see a healthy demand recovery for the industry going ahead. We build in a 10% volume CAGR for FY23-FY26E.

Inventory loss impacts margins: EBITDA margin came at 12.2% for 3Q24 vs 14.3% for 2Q24 mainly owing to Rs 100mn impact of inventory loss in 3Q excluding which, margins come at 13.8%. We believe margins will stay near the current, sustainable levels of 13.5% as the benefit of operating leverage would be partially offset by price correction in a few markets. Also, initial losses due to branding, team building, and other operational initiatives in the bath-ware segment would keep a tab on near-term EBITDA margins.

Leverage to remain healthy but WC stretches further: PRINCIPI remained comfortably placed in terms of leverage position. Working capital days stretched from 57 in Mar'23 to 69 in 9MFY24 mainly as debtor days increased from 56 to 73 during this period. We believe working capital remains a key addressable issue for the company. Bihar expansion remains on track while the company has also received a decent response for the bath-ware category since its launch in Sep'23 (3Q24 revenue at Rs 60mn). PRINCIPI is ramping-up distributors in the North and West and also plans an East launch by 4QFY24.

Key risks: Increased competitive intensity, delay in demand recovery, volatility in PVC prices, operating deleverage in bath-ware segment.

Financial Summary

| YE Mar Rs mn | Sales | EBITDA | Recurring PAT | EPS (Rs) | P/E (x) | P/B (x) | EV/ EBITDA (x) | ROE (%) | Core ROIC (%) | EBITDA Margin (%) |
|-----------------|--------|--------|------------------|-------------|---------|---------|----------------------|------------|---------------------|-------------------------|
| FY23A | 27,109 | 2,503 | 1,214 | 11.0 | 61.2 | 5.4 | 29.0 | 9.2 | 9.7 | 9.2 |
| FY24E | 24,835 | 2,980 | 1,568 | 14.2 | 47.4 | 4.9 | 24.2 | 10.9 | 12.1 | 12.0 |
| FY25E | 28,765 | 3,941 | 2,280 | 20.7 | 32.6 | 4.3 | 18.3 | 14.1 | 16.0 | 13.7 |
| FY26E | 33,317 | 4,598 | 2,723 | 24.7 | 27.3 | 3.8 | 15.6 | 14.9 | 16.7 | 13.8 |

Source: Company, Equirus Securities

Estimate Revision

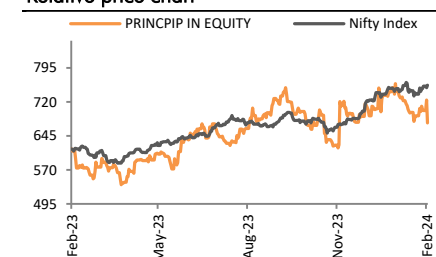
| Forecasts | | | % Change | |
|-----------|--------|--------|----------|-------|
| (Rs mn) | FY24E | FY25E | FY24E | FY25E |
| Sales | 26,689 | 30,625 | -7% | -6% |
| EBITDA | 3,283 | 4,165 | -9% | -5% |
| PAT | 1,820 | 2,446 | -14% | -7% |
| EPS | 16.54 | 22.23 | -14% | -7% |

Stock Information

| | |
|-------------------------|-------------|
| Market Cap (Rs Mn) | 74,468 |
| 52 Wk H/L (Rs) | 776/532 |
| Avg Daily Volume (1 yr) | 3,54,388 |
| Avg Daily Value (Rs Mn) | 3.0 |
| Equity Cap (Rs Mn) | 13,640 |
| Face Value (Rs) | 10 |
| Share Outstanding (Mn) | 110.6 |
| Bloomberg Code | PRINCIPI IN |
| Ind Benchmark | BSETCD |

| Ownership (%) | Recent | 3M | 12M |
|---------------|--------|-------|-------|
| Promoters | 60.9 | 0.0 | (2.0) |
| DII | 15.9 | 3.1 | 5.6 |
| FII | 7.7 | (2.0) | 0.3 |
| Public | 15.5 | (1.1) | (3.0) |

Relative price chart



Source: Bloomberg

Analysts

Pranav Mehta
pranav.mehta@equirus.com
079 6901 5013
Aman Agrawal
aman.agarwal@equirus.com
079 6901 5005

Exhibit 1: Quarterly performance

| Rs Mn | 3QFY24 | 3QFY24E | 2QFY24 | 3QFY23 | % Change | | | Comments |
|---------------------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|----------|
| | | | | | 3QFY24E | 2QFY24 | 3QFY23 | |
| Net Sales | 6,186 | 6,272 | 6,565 | 7,059 | -1% | -6% | -12% | |
| Raw Materials | 4,316 | 4,453 | 4,511 | 5,483 | -3% | -4% | -21% | |
| Staff Cost | 373 | 364 | 405 | 311 | 2% | -8% | 20% | |
| Other Expenditure | 741 | 671 | 707 | 570 | 10% | 5% | 30% | |
| Total Expenditures | 5,430 | 5,488 | 5,623 | 6,364 | -1% | -3% | -15% | |
| EBITDA | 757 | 784 | 942 | 695 | -3% | -20% | 9% | |
| Depreciation | 229 | 226 | 225 | 211 | 1% | 2% | 9% | |
| EBIT | 528 | 558 | 716 | 484 | -5% | -26% | 9% | |
| Interest | 27 | 10 | 7 | 16 | 181% | 293% | 68% | |
| Other Income | 30 | 36 | 40 | 12 | -15% | -24% | 147% | |
| PBT | 531 | 584 | 749 | 480 | -9% | -29% | 10% | |
| Tax | 154 | 149 | 222 | 126 | 4% | -31% | 22% | |
| Recurring PAT | 376 | 435 | 527 | 354 | -14% | -29% | 6% | |
| Extraordinaries | 0 | 0 | -179 | 0 | | | | |
| Reported PAT | 376 | 435 | 706 | 354 | -14% | -47% | 6% | |
| EPS (Rs) | 3.4 | 4.0 | 6.4 | 3.2 | -14% | -47% | 6% | |
| Cost as a % of sales | | | | | | | | |
| Raw Materials | 69.8% | 71.0% | 68.7% | 77.7% | -123 bps | 105 bps | -791 bps | |
| Staff Cost | 6.0% | 5.8% | 6.2% | 4.4% | 22 bps | -14 bps | 162 bps | |
| Other Expenditure | 12.0% | 10.7% | 10.8% | 8.1% | 128 bps | 120 bps | 390 bps | |
| Margin (%) | | | | | | | | |
| Gross Margin | 30.2% | 29.0% | 31.3% | 22.3% | 123 bps | -105 bps | 791 bps | |
| EBITDA Margin | 12.2% | 12.5% | 14.3% | 9.8% | -27 bps | -211 bps | 239 bps | |
| EBIT Margin | 8.5% | 8.9% | 10.9% | 6.9% | -37 bps | -238 bps | 167 bps | |
| PBT Margin | 8.6% | 9.3% | 11.4% | 6.8% | -74 bps | -283 bps | 177 bps | |
| PAT Margin | 6.1% | 6.9% | 10.8% | 5.0% | -85 bps | -467 bps | 107 bps | |
| Sales Volume | 42,665 | 42,505 | 41,529 | 43,693 | 0% | 3% | -2% | |
| Realization (Rs /MT) | 145 | 148 | 158 | 162 | -2% | -8% | -10% | |

Source: Company, Equirus Securities

Earnings Call Takeaways

Demand Scenario:

- Company is focusing on volume growth through building a strong distributor network.
- Introduced new value-added products during 3Q24.
- Focused on optimizing capacity utilization, product mix, and network expansion.
- 3Q24 revenue for bathware segment stood at Rs 60mn, whereas manpower and A&P costs stood at Rs 30mn. Expect A&P costs to increase for bathware segment in order to build a strong brand visibility.
- Company has not been too aggressive in expanding demand via government schemes.
- Building materials segment has performed better than agri during 3Q24. Expect real estate demand to be strong over the next two-three years.

Pricing:

- Took pricing action correction in 2Q24, which led to reduction in realization in 3Q24 on a qoq basis.
- Company is not deep discounting, and pricing has largely been in-line compared to competitors.
- PVC price volatility has been range-bound in 3Q24.
- There has been a 5-7% decline in CPVC resin prices during 3Q24, which the company has passed on to the market.

Operational guidance:

- Expect to perform in-line with industry from 1Q25 onwards.
- Realigned Chennai capacity from 42kt to 47kt based on changes in market forces.
- Expect revenue of Rs 1.7-1.75bn from Bihar facility in FY25.
- Expect major revenue share for PVC, 20-25% for CPVC, 5-7% for PPR, and 4-5% for HDPE going forward.
- Expect overall EBITDAM of 12-14% for FY25.

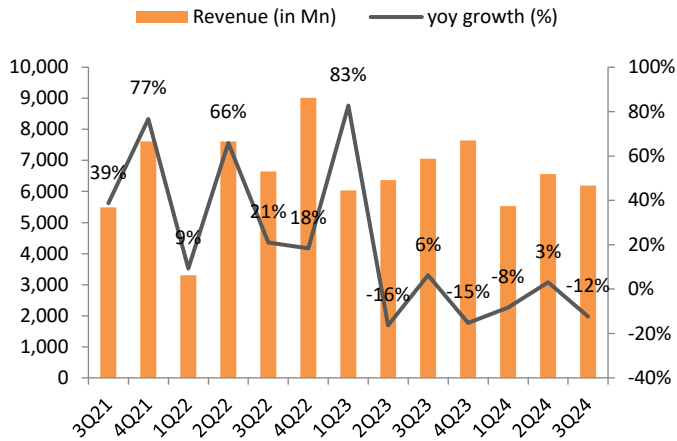
Expansion:

- Proposed to increase capex for Bihar facility from Rs 1.5bn to Rs 2.2bn on account of addition of fittings line.
- Phase-1 of Bihar integrated facility includes 50-52kt capacity expansion (including pipes, fittings and tanks) for Rs 2.2bn. Further, company has also invested in a 35-acre land which will help in further expansion over the next 5-7 years.
- Extension of HDPE line at Jaipur has been completed, with machine running at ideal capacity utilization. Expect to continue to expand HDPE capacity.
- Expected capex (excluding Bihar expansion): Rs 1.1-1.2bn for FY24 and Rs 0.9-1bn for FY25.

Others:

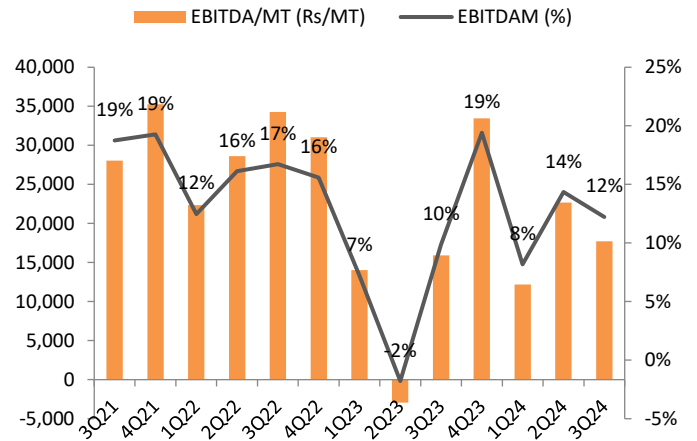
- Overall capacity utilization currently stands at 50-52%.
- Cash balance stood at Rs 1.2bn as on Dec'23.
- Company has spent Rs 120mn in 3Q24 and Rs 390mn in 9M24 on A&P.
- Company faced challenges regarding supply chain disruption leading to market share loss at secondary/retail level in 3Q24.
- Witnessed many unorganized players going out of the market in 3Q24.
- Company incurred inventory loss of Rs 100mn in 3Q24. RM and finished good inventories stood at 30 days each for the quarter. Expect debtor days to be around 50, and inventory days at 70 going forward.
- Channel inventory has been moderate, with no sharp movements during the quarter.

Exhibit 2: Sale volumes down 2% yoy, up 3% qoq



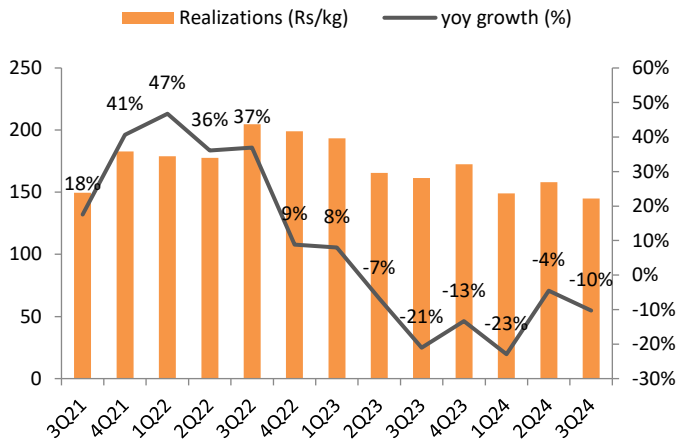
Source: Company Data, Equirus

Exhibit 3: EBITDAM falls 211bps qoq to 12.2%



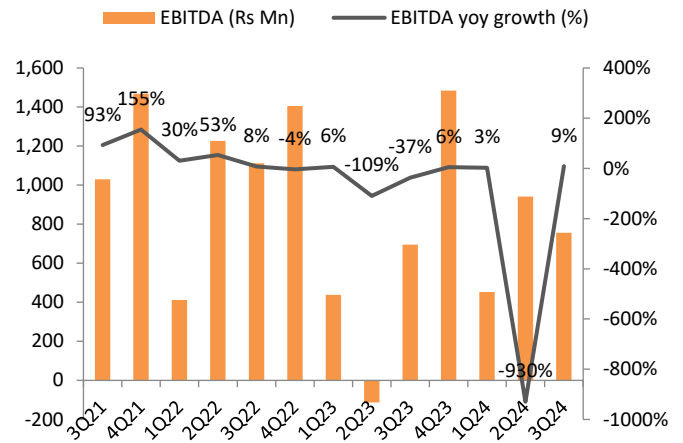
Source: Company Data, Equirus

Exhibit 4: Realizations falls 8% qoq



Source: Company Data, Equirus

Exhibit 5: Overall EBITDA performance falls qoq



Source: Company Data, Equirus

Company Snapshot

How we differ from consensus

| Particular (Rs Mn) | | Equirus | Consensus | % Diff | Comment |
|--------------------|-------|---------|-----------|--------|---------|
| Sales | FY24E | 24,835 | 27794 | -11% | |
| | FY25E | 28,765 | 32570 | -12% | |
| EBITDA | FY24E | 2,980 | 3459 | -14% | |
| | FY25E | 3,941 | 4453 | -12% | |
| PAT | FY24E | 1,568 | 2036 | -23% | |
| | FY25E | 2,280 | 2660 | -14% | |

Key Estimates

| | FY23A | FY24E | FY25E | FY26E |
|-----------------------------|----------|----------|----------|----------|
| Volumes (mtpa) | 1,57,717 | 1,65,603 | 1,87,131 | 2,11,458 |
| Yoy growth (%) | 13% | 5% | 13% | 13% |
| Realizations (Rs/kg) | 172 | 150 | 154 | 158 |
| Yoy growth (%) | -10% | -13% | 3% | 3% |
| Revenues (Rs mn) | 27,109 | 24,835 | 28,765 | 33,317 |
| Yoy growth (%) | 2% | -8% | 16% | 16% |

Key Investment Arguments:

- Potential to become a strong challenger brand over next 3-4 years with focus on gaining mkt. share in CPVC segment.
- Operating leverage together with continued branding investments to improve visibility and reach across regions while tie-up with Lubrizol to help gain traction in the Institutional segment.
- B/s to remain strong and while capex intensity to remain moderate post commissioning of Telangana plant.

Key downside risks:

- Resurgence of unorganized players once RM supply constraints ease out.
- Competitive intensity increasing among the organized players.
- Lower than expected volume offtake from various govt. schemes due to less spending by govt.

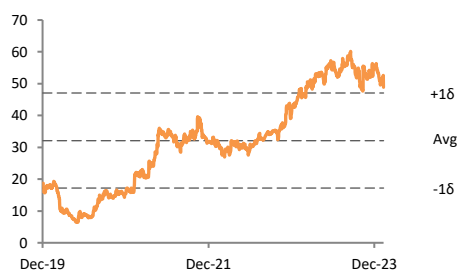
Company Description:

Prince Pipes and Fittings Limited is the 5th largest piping solutions & multi polymer manufacturer in India, based in Mumbai, Maharashtra. Company was incorporated in 1987. In Aug'20, the company announced its association with Lubrizol and thereafter launched Prince Flowguard Plus CPVC plumbing systems. Company has 7 manufacturing units located across the country (barring East) - Haridwar (Uttarakhand), Athal (Dadra and Nagar Haveli), Dadra (Dadra and Nagar Haveli), Kolhapur (Maharashtra), Chennai (Tamil Nadu), Jobner (Rajasthan) and Sangareddy (Telangana) with combined capacity of 315,000mtpa. It has a network of 1,500+ distributors, 9 Warehouses and 7,200+ SKUs.

Comparable valuation

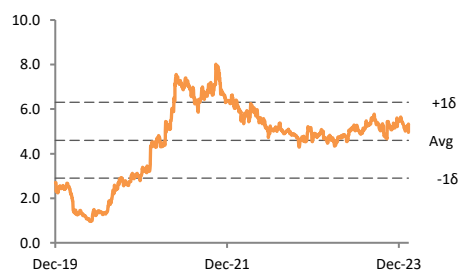
| Company | Reco. | CMP | Mkt Cap Rs. Mn. | Price Target | Target Date | P/E | | | EV/EBITDA | | | P/B | | | RoE | | | Div Yield |
|---------|-------|-------|--------------------|-----------------|----------------|-------|-------|-------|-----------|-------|-------|-------|-------|-------|-------|-------|-------|-----------|
| | | | | | | FY23A | FY24E | FY25E | FY23A | FY24E | FY25E | FY23A | FY24E | FY25E | FY23A | FY24E | FY25E | |
| Astral | LONG | 1,880 | 5,05,086 | 2,262 | Dec-24 | 114 | 91 | 69 | 62 | 54 | 43 | 19 | 16 | 13 | 18% | 19% | 21% | 0% |
| Finolex | LONG | 220 | 1,35,880 | 281 | Dec'24 | 57 | 33 | 20 | 42 | 24 | 14 | 3 | 3 | 3 | 5% | 8% | 13% | 1% |
| Supreme | LONG | 4,149 | 5,27,003 | 5,195 | Dec'24 | 69 | 51 | 41 | 43 | 33 | 27 | 14 | 12 | 10 | 21% | 25% | 26% | 1% |
| Prince | LONG | 675 | 74,629 | 783 | Mar'25 | 61 | 48 | 33 | 29 | 24 | 18 | 5 | 5 | 4 | 9% | 11% | 14% | 0% |
| Apollo | LONG | 661 | 25,874 | 830 | Mar-25 | 108 | 51 | 28 | 38 | 26 | 16 | 6 | 5 | 3 | 6% | 10% | 13% | 0% |

Price to earning chart



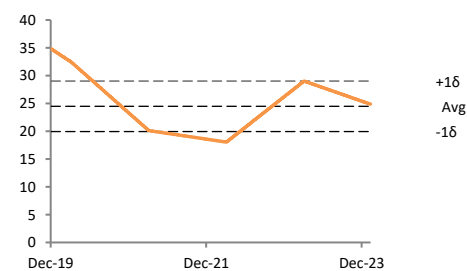
Source: Company, Equirus Research

Price to book chart



Source: Company, Equirus Research

EV-EBITDA chart



Source: Company, Equirus Research

Quarterly performance

| Y/E Mar (Rs mn) | 1QFY23A | 2QFY23A | 3QFY23A | 4QFY23A | 1QFY24A | 2QFY24A | 3QFY24A | 4QFY24E |
|-------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Revenue | 6,041 | 6,365 | 7,059 | 7,644 | 5,536 | 6,565 | 6,186 | 6,549 |
| COGS | 4,785 | 5,533 | 5,483 | 5,121 | 4,143 | 4,511 | 4,316 | 4,601 |
| Employee Cost | 262 | 278 | 311 | 309 | 320 | 405 | 373 | 392 |
| Other Expenses | 555 | 667 | 570 | 731 | 620 | 707 | 741 | 726 |
| | | | | | | | | |
| EBITDA | 439 | (114) | 695 | 1,483 | 452 | 942 | 757 | 830 |
| Depreciation | 197 | 212 | 211 | 211 | 218 | 225 | 229 | 232 |
| EBIT | 242 | (325) | 484 | 1,272 | 234 | 716 | 528 | 598 |
| Interest Exp. | 34 | 32 | 16 | 28 | 17 | 7 | 27 | 15 |
| Other Income | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Profit before Tax | 208 | (357) | 468 | 1,244 | 217 | 709 | 500 | 583 |
| Tax Expenses | 60 | (89) | 126 | 337 | 59 | 222 | 154 | 152 |
| Profit After Tax | 148 | (268) | 342 | 907 | 157 | 487 | 346 | 432 |
| Minority Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Profit/(Loss) from Associates | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Recurring PAT | 148 | (268) | 342 | 907 | 157 | 487 | 346 | 432 |
| Exceptional Items | 0 | 0 | 0 | 0 | 0 | 179 | 0 | 0 |
| Reported PAT | 148 | (268) | 342 | 907 | 157 | 667 | 346 | 432 |
| Other comprehensive income. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PAT after comp. income. | 148 | (268) | 342 | 907 | 157 | 667 | 346 | 432 |
| FDEPS | 1.3 | (2.4) | 3.1 | 8.2 | 1.4 | 6.1 | 3.1 | 3.9 |
| Cost items as % of sales | | | | | | | | |
| RM expenses | 79.2 | 86.9 | 77.7 | 67.0 | 74.8 | 68.7 | 69.8 | 70.3 |
| Employee expenses | 4.3 | 4.4 | 4.4 | 4.0 | 5.8 | 6.2 | 6.0 | 6.0 |
| Other expenses | 9.2 | 10.5 | 8.1 | 9.6 | 11.2 | 10.8 | 12.0 | 11.1 |
| Margin (%) | | | | | | | | |
| Gross Margin | 20.8 | 13.1 | 22.3 | 33.0 | 25.2 | 31.3 | 30.2 | 29.7 |
| EBITDA Margin | 7.3 | (1.8) | 9.8 | 19.4 | 8.2 | 14.3 | 12.2 | 12.7 |
| PAT Margin | 2.4 | (4.2) | 4.8 | 11.9 | 2.8 | 10.2 | 5.6 | 6.6 |
| YoY Growth (%) | | | | | | | | |
| Sales | 82.7 | (16.4) | 6.3 | (15.2) | (8.4) | 3.1 | (12.4) | (14.3) |
| EBITDA | 6.3 | 0.0 | (37.5) | 5.6 | 3.1 | 0.0 | 8.9 | (44.1) |
| EBIT | (4.5) | 0.0 | (48.2) | 5.5 | (3.3) | 0.0 | 8.9 | (53.0) |
| PAT | (4.9) | 0.0 | (47.9) | 2.9 | 6.3 | 0.0 | 1.3 | (52.4) |

Key Financials (Consolidated)

Income Statement

| Y/E Mar (Rs mn) | FY20A | FY21A | FY22A | FY23A | FY24E | FY25E | FY26E |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Revenue | 16,357 | 20,715 | 26,568 | 27,109 | 24,835 | 28,765 | 33,317 |
| COGS | 11,264 | 13,789 | 18,915 | 20,922 | 17,571 | 20,394 | 23,655 |
| Employee Cost | 902 | 997 | 1,162 | 1,161 | 1,490 | 1,553 | 1,666 |
| Other Expenses | 1,903 | 2,313 | 2,335 | 2,523 | 2,794 | 2,877 | 3,398 |
| EBITDA | 2,288 | 3,616 | 4,156 | 2,503 | 2,980 | 3,941 | 4,598 |
| Depreciation | 520 | 594 | 703 | 830 | 905 | 977 | 1,055 |
| EBIT | 1,768 | 3,022 | 3,453 | 1,673 | 2,075 | 2,964 | 3,542 |
| Interest Exp. | 332 | 207 | 139 | 110 | 66 | 56 | 48 |
| Other Income | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Profit before Tax | 1,506 | 2,991 | 3,369 | 1,648 | 2,155 | 3,060 | 3,655 |
| Tax Expenses | 381 | 773 | 875 | 434 | 587 | 780 | 932 |
| Profit After Tax | 1,125 | 2,218 | 2,494 | 1,214 | 1,568 | 2,280 | 2,723 |
| Minority Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Profit/(Loss) from Associates | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Recurring PAT | 1,125 | 2,218 | 2,494 | 1,214 | 1,568 | 2,280 | 2,723 |
| Exceptional Items | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reported PAT | 1,125 | 2,218 | 2,494 | 1,214 | 1,568 | 2,280 | 2,723 |
| Other comprehensive income. | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PAT after comp. income. | 1,125 | 2,218 | 2,494 | 1,214 | 1,568 | 2,280 | 2,723 |
| FDEPS | 10.2 | 20.2 | 22.7 | 11.0 | 14.2 | 20.7 | 24.7 |
| DPS | 1 | 2 | 2 | 2 | 2 | 3 | 4 |
| BVPS | 76 | 95 | 115 | 124 | 138 | 156 | 176 |

| YoY Growth (%) | FY20A | FY21A | FY22A | FY23A | FY24E | FY25E | FY26E |
|----------------|-------|-------|-------|--------|-------|-------|-------|
| Sales | 4.1 | 26.6 | 28.3 | 2.0 | (8.4) | 15.8 | 15.8 |
| EBITDA | 24.3 | 58.1 | 14.9 | (39.8) | 19.1 | 32.2 | 16.7 |
| EBIT | 25.8 | 70.9 | 14.3 | (51.5) | 24.0 | 42.8 | 19.5 |
| PAT | 37.0 | 97.2 | 12.4 | (51.3) | 29.1 | 45.4 | 19.4 |

Key Ratios

| Profitability (%) | FY20A | FY21A | FY22A | FY23A | FY24E | FY25E | FY26E |
|-------------------|-------|-------|-------|-------|-------|-------|-------|
| Gross Margin | 31.1 | 33.4 | 28.8 | 22.8 | 29.2 | 29.1 | 29.0 |
| EBITDA Margin | 14.0 | 17.5 | 15.6 | 9.2 | 12.0 | 13.7 | 13.8 |
| PAT Margin | 6.9 | 10.7 | 9.4 | 4.5 | 6.3 | 7.9 | 8.2 |
| ROE | 18.2 | 23.6 | 21.6 | 9.2 | 10.9 | 14.1 | 14.9 |
| ROIC | 19.3 | 26.2 | 26.5 | 11.6 | 13.6 | 17.5 | 18.7 |
| Core ROIC | 18.0 | 25.7 | 22.8 | 9.7 | 12.1 | 16.0 | 16.7 |
| Dividend Payout | 9.8 | 9.9 | 8.8 | 18.1 | 14.0 | 14.5 | 16.2 |

| CAGR (%) | 1 year | 2 years | 3 years | 5 years | 7 years | 10 years |
|----------|--------|---------|---------|---------|---------|----------|
| Revenue | 2.0 | 14.4 | 18.3 | 15.6 | 15.2 | 13.0 |
| EBITDA | (39.8) | (16.8) | 3.0 | 8.9 | 14.3 | 10.0 |
| PAT | (51.3) | (26.0) | 2.6 | 10.0 | 22.3 | 12.3 |

| Valuation (x) | FY20A | FY21A | FY22A | FY23A | FY24E | FY25E | FY26E |
|--------------------|-------|-------|-------|-------|-------|-------|-------|
| P/E | 66.0 | 33.5 | 29.8 | 61.2 | 47.4 | 32.6 | 27.3 |
| P/B | 8.9 | 7.1 | 5.9 | 5.4 | 4.9 | 4.3 | 3.8 |
| P/FCFF | 34.9 | 17.3 | 49.8 | 16.1 | 17.6 | 14.3 | 18.3 |
| EV/EBITDA | 32.5 | 20.1 | 18.1 | 29.0 | 24.2 | 18.3 | 15.6 |
| EV/Sales | 4.5 | 3.5 | 2.8 | 2.7 | 2.9 | 2.5 | 2.2 |
| Dividend Yield (%) | 0.1 | 0.3 | 0.3 | 0.3 | 0.3 | 0.4 | 0.6 |

Balance Sheet

| Y/E Mar (Rs mn) | FY20A | FY21A | FY22A | FY23A | FY24E | FY25E | FY26E |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Equity Capital | 1,100 | 1,100 | 1,106 | 1,106 | 1,106 | 1,106 | 1,106 |
| Reserves | 7,277 | 9,335 | 11,547 | 12,534 | 14,061 | 16,010 | 18,293 |
| Net Worth | 8,377 | 10,435 | 12,653 | 13,640 | 15,166 | 17,116 | 19,399 |
| Total Debt | 2,626 | 852 | 1,500 | 581 | 640 | 560 | 510 |
| Other long term liabilities | 392 | 408 | 250 | 305 | 160 | 140 | 90 |
| Minority Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Account Payables | 1,808 | 2,491 | 3,986 | 3,202 | 4,967 | 5,359 | 5,659 |
| Other Current Liabilities | 900 | 1,874 | 1,002 | 814 | 828 | 959 | 1,111 |
| Total Liabilities | 14,102 | 16,061 | 19,390 | 18,542 | 21,761 | 24,134 | 26,769 |
| Gross Fixed Assets | 6,458 | 7,113 | 9,242 | 10,467 | 11,917 | 14,417 | 15,417 |
| Acc. Depreciation | (1,573) | (2,083) | (2,786) | (3,616) | (4,521) | (5,499) | (6,554) |
| Net Fixed Assets | 4,886 | 5,030 | 6,456 | 6,851 | 7,396 | 8,919 | 8,864 |
| Capital WIP | 75 | 765 | 226 | 190 | 190 | 190 | 190 |
| long term investments | 6 | 15 | 17 | 3 | 3 | 3 | 3 |
| Others | 687 | 394 | 425 | 246 | 701 | 478 | 1,833 |
| Inventory | 3,445 | 2,273 | 6,188 | 4,256 | 4,763 | 5,359 | 5,933 |
| Receivables | 1,797 | 3,534 | 4,346 | 4,150 | 4,627 | 4,886 | 5,477 |
| Loans and advances | 11 | 41 | 110 | 33 | 34 | 39 | 46 |
| Other current assets | 624 | 1,710 | 936 | 652 | 1,147 | 1,360 | 1,372 |
| Cash & Cash Equivalents. | 2,570 | 2,299 | 687 | 2,161 | 2,901 | 2,899 | 3,051 |
| Total Assets | 14,102 | 16,061 | 19,390 | 18,542 | 21,761 | 24,134 | 26,769 |
| Non-Cash WC | 3,169 | 3,193 | 6,592 | 5,075 | 4,776 | 5,327 | 6,058 |
| Cash Conv. Cycle | 58.4 | 36.4 | 67.8 | 57.3 | 34.8 | 34.1 | 37.7 |
| WC Turnover | 5.2 | 6.5 | 4.0 | 5.3 | 5.2 | 5.4 | 5.5 |
| Gross Asset Turnover | 2.5 | 2.9 | 2.9 | 2.6 | 2.1 | 2.0 | 2.2 |
| Net Asset Turnover | 3.3 | 3.6 | 4.0 | 3.8 | 3.3 | 3.2 | 3.7 |
| Net D/E | 0.0 | (0.1) | 0.1 | (0.1) | (0.1) | (0.1) | (0.1) |

| Days (x) | FY20A | FY21A | FY22A | FY23A | FY24E | FY25E | FY26E |
|------------------|-------|-------|-------|-------|-------|-------|-------|
| Receivable Days | 40 | 62 | 60 | 56 | 68 | 62 | 60 |
| Inventory Days | 77 | 40 | 85 | 57 | 70 | 68 | 65 |
| Payable Days | 59 | 66 | 77 | 56 | 103 | 96 | 87 |
| Non-cash WC days | 71 | 56 | 91 | 68 | 70 | 68 | 66 |

Cash Flow

| Y/E Mar (Rs mn) | FY20A | FY21A | FY22A | FY23A | FY24E | FY25E | FY26E |
|---------------------------|----------------|----------------|--------------|----------------|----------------|----------------|----------------|
| Profit Before Tax | 1,506 | 2,991 | 3,369 | 1,648 | 2,155 | 3,060 | 3,655 |
| Depreciation | 520 | 594 | 703 | 830 | 905 | 977 | 1,055 |
| Others | 450 | 261 | 223 | 51 | 0 | 0 | 0 |
| Tax paid | 372 | 626 | 960 | 401 | 587 | 780 | 932 |
| Change in WC | (1,081) | (149) | (3,530) | 1,473 | 299 | (551) | (731) |
| Operating Cashflow | 1,023 | 3,071 | (195) | 3,602 | 2,771 | 2,706 | 3,047 |
| Capex | (1,106) | (1,210) | (1,687) | (998) | (1,450) | (2,500) | (1,000) |
| Change in Invest. | (2,570) | 355 | 1,846 | (531) | 0 | 0 | 0 |
| Others | 0 | 0 | 46 | 48 | 0 | 0 | 0 |
| Investing Cashflow | (3,676) | (855) | 205 | (1,481) | (1,450) | (2,500) | (1,000) |
| Change in Debt | (371) | (1,746) | 648 | (919) | 59 | (80) | (50) |
| Change in Equity | 3,394 | (6) | 107 | 0 | 179 | 0 | 0 |
| Others | (457) | (380) | (533) | (303) | (365) | (350) | (490) |
| Financing Cashflow | 2,565 | (2,131) | 222 | (1,222) | (127) | (430) | (540) |
| Net Change in Cash | (87) | 85 | 232 | 899 | 1,194 | (224) | 1,507 |

Source: Company, Equirus Research



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